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CENTRAL INTELLIGENCE AGENCY

REPORT

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INFORMATION REPORT

CD NO.

COUNTRY East Germany

DATE DISTR. 26 October 1954

SUBJECT Failure to Complete Production Plan in the Ministry of Machine Construction

NO. OF PAGES 3

PLACE
ACQUIRED

619291

NO. OF ENCLS.
(LISTED BELOW)

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DATE OF
INFO.SUPPLEMENT TO
REPORT NO.

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1. In early July 1954, it became clear that plan fulfillment was achieved in almost none of the enterprises under the East German Ministry for Machine Construction during the first and second quarters of 1954. This situation prevailed in particular in the enterprises under the Main Administration of Radio and Telecommunication Technology (HV RFT) of the Ministry. The average plan fulfillment at the end of the second quarter of 1954 in these enterprises was around 90 percent. This fulfillment rate is considered very low because the plans were established in such a way that fulfillment of from 130 to 140 percent was expected. A high fulfillment rate was counted on also in view of considerable investments made in the enterprises under HV RFT. A few of these enterprises showed particularly poor production plan fulfillment. One of them was VEB RFT Sachsenwerk, Radeberg, where fulfillment during the first two quarters of 1954 amounted only about 90 percent.

2. In early July 1954, in several conferences held by all Main Administration heads of the Ministry for Machine Construction, the following reasons were given for the underfulfillment of the production plan during the first two quarters of 1954:

- The 1954 production plans were delivered to the individual enterprises at a date too late for the enterprises to arrange for complete fulfillment of the plans.
- Delays in the placement of production orders caused confusion clear situation. In particular, production orders from the USSR and the satellite countries were placed with the enterprises at very late dates.
- Many of the orders finally placed with the individual enterprises made it necessary to change the types of products (Veraenderung der Typensortimente), and this in turn caused a delay in production.
- Material shortages.

3. Concerning the shortage of crucial material, the following points were made in the conferences of Main Administration heads.

- Difficulties were mainly experienced in the key industries furnishing basic materials to the enterprises under the Ministry of Machine Construction. The situation was particularly bad with respect to the East German rolling mills which were not able to deliver high-quality products in sufficient quantities.

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b. The capacity of the few rolling mills existing in East Germany is overloaded. As a result, the rolling mills, in order to satisfy the demands of their numerous customers, mainly concentrate on the production of standard products which they produce as quickly as possible. Products of a more unusual type - with nonstandard dimensions, - which are precisely the types needed by many enterprises under the Ministry for Machine Construction, particularly under HV RFT, - can therefore not be produced in sufficient quantities because there is no time left for the conversion of equipment and rearrangement of the roll trains.

c. The equipment of the East German rolling mills is ~~inadequate~~ insufficient. This applies particularly to rolls and replacement rolls.

d. East Germany has only one grinder roller machine in operating condition, namely, ~~at the VEB Werkzeugmaschinenbauwerk, Hettstedt~~ VEB Werkzeugmaschinenbauwerk, Hettstedt. Another rolling mill is under construction and an additional one is to be imported from West Germany. In the present situation, regrinding of rolls is either impossible or can be done only after a very long delay.

e. A decisive bottleneck is the shortage of so-called ~~standard~~ parts (Normteile), such as screw bolts and nuts. The enterprises producing screws in East Germany have not been able to put out sufficient quantities because ~~alloy~~ alloy steel as a raw material for screws, ~~which was formerly imported from the USSR, could not be imported in sufficient quantities.~~ *From the USSR was expected;*

f. Imported raw materials and products which could not be produced in East Germany and which were absolutely necessary for the production of the enterprises under the Ministry for Machine Construction could not be obtained in sufficient quantities as a result of the shortage of foreign currencies. The entire 1954 plan was ~~broken down~~ *revised* ~~because of the shortage of foreign currencies~~ *caused by the impossibility of producing certain items in East Germany, although production of these items was originally provided for in the production plan. This situation was caused by the lack of raw materials and basic materials which were formerly imported from abroad but which, it turned out, could not be imported in the time allowed. Among such items were mainly replacement rolls, emergency current supply installations, electronic tubes, screen glass for television receivers, etc.*

4. As a result of this situation, the original 1954 production plan, which was finally established in the latter part of 1953, was changed three times. The latest change took place at the end of June 1954 and provided for a substantial reduction of the production plan, in most of the enterprises under the Ministry for Machine Construction.
5. In connection with ~~technical difficulties~~ *the failure to complete* performance under the production plan, the following events took place in June and early July 1954:

- a. Heinrich Rau, Minister for Machine Construction, was called before the East German Council of Ministers and had to give a detailed account of the situation. He had to pledge himself to undertake the necessary steps immediately to improve the situation.
- b. Rau also had to justify himself before the Central Committee of the SED. The Central Committee decided to organize a propaganda campaign among all employees of the enterprises under the Ministry for Machine Construction for the purpose of ~~improving~~ *improving* work efficiency. On 25 June 1954, the SED organization within the Ministry for Machine Construction, on orders from the Central Committee, distributed to all employees of the Ministry an "appeal to save the Ministry for Machine Construction", in which all officials and employees of the Ministry were summoned to contribute to greater production through better administration.
- c. All enterprises under the Ministry for Machine Construction were subdivided into seven groups according to the ~~character~~ *character* of their production. The managers and party secretaries of all enterprises belonging to the same industrial group received orders to convene twice a month in so-called "management consultations" (Werkleiterkonsultationen), in which accounts had to be given on production during the preceding fourteen days and on measures taken for the purpose of improving the situation. The following persons take part in these consultations: the managers and Party secretaries of all enterprises belonging to the same industrial group, the economic experts of all Main Administrations of the Ministry responsible for these enterprises, and the heads of these Main Administrations. These consultations take place either in one of the enterprises concerned or in the "House of the Ministries" at Leipzigerstrasse, in Berlin.

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5. As a result of the ~~complete the production plan~~ performance under the production plan, distribution of premises to workers was sharply reduced. A number of workers also was put on "waiting time" (Wartezeit) because they could not be fully occupied and ~~received only 90 percent of their wages.~~ As a result, the situation ~~has~~ created unrest and widespread discontent among the workers in enterprises under the Ministry for Machine Construction.

~~Complete.~~ The production plan of HV RFT, however, was not substantially reduced.

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-3-

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